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RINGLEADER OF \$2.6 MILLION TAX REFUND CHECK SCAM SENTENCED TO 27 MONTHS IN PRISON

NEWARK, N.J. – The ringleader of a conspiracy that stole \$2.6 million in income tax refund checks issued by the United States was sentenced today to 27 months in prison, U.S. Attorney Paul J. Fishman announced.

Raymundo Hernandez, 36, of Bronx, New York, previously pleaded guilty before U.S. District Judge Madeline C. Arleo to an information charging him with conspiracy to steal government funds. Judge Arleo imposed the sentence today in Newark federal court.

According to the documents filed in this case and statements made in court:

Stolen Identity Refund Fraud (SIRF) is a common type of fraud committed against the United States government that results in more than \$2 billion in losses annually. SIRF schemes generally share a number of hallmarks. Perpetrators obtain personal identifying information, including Social Security numbers and dates of birth, from unwitting individuals, who often reside in the Commonwealth of Puerto Rico. They complete IRS-1040 tax return forms using the fraudulently obtained information and falsifying wages earned, taxes withheld and other data, always ensuring that fraudulent tax return generates a refund. The perpetrators then direct the U.S. Treasury Department to mail the refund checks to locations they control or can access. In some cases, they bribe mail carriers to remove the refund checks from their mail routes. With the fraudulently obtained refund checks in hand, the perpetrators generate cash proceeds by depositing the checks into bank accounts they control.

Hernandez admitted he knew the checks had been generated by conspirators filing false and fraudulent income tax returns with the IRS in order to obtain refunds to which he was not entitled. He admitted that from November 2010 through October 2012 he recruited and maintained a network of conspirators in the Newark and Bronx areas and distributed fraudulent treasury checks to that network in exchange for payment. Hernandez obtained at least 44 such checks from Luis Pena, 32, of Bronx, who pleaded guilty to his role in the conspiracy in March 2014. Pena had arranged for the fraudulent checks to be sent to a postal route and intercepted by the mail carriers on that route: Gloria Rivera 40, of Bronx, and Lourdes Ortiz, 42, of Bronx, Rivera and Ortiz also entered guilty pleas in March 2014 to their respective roles in the conspiracy.

Hernandez admitted that once he distributed the fraudulent checks, he and his conspirators deposited them into bank accounts, primarily in the names of businesses they controlled and then withdrew large amounts of the proceeds in cash. They used some of the money to purchase cars and gamble at Atlantic City casinos.

The fraudulently cashed checks totaled approximately \$2,659,718. Of these deposits, \$171,589 was deposited into three bank accounts under Hernandez' direct control.

In addition to the prison term, Judge Arleo sentenced Hernandez to serve three years of supervised release. Hernandez must pay restitution of \$2,659,717.82.

Pena was sentenced to 30 months in prison on Oct. 16, 2014. Rivera was sentenced to six months in prison on Jan. 7, 2015. Ortiz was sentenced to three years of probation on Jan. 7, 2015.

U.S. Attorney Fishman credited special agents of IRS-Criminal Investigation, under the direction of Special Agent in Charge Jonathan D. Larsen; postal inspectors of the U. S. Postal Inspection Service, under the direction of Inspector in Charge Maria L. Kelokates; special agents of the U.S. Secret Service, under the direction of Special Agent in Charge Carl Agnelli; and special agents of the U.S. Postal Service - Office of Inspector General, under the direction of Special Agent in Charge Rafael A. Medina, with the investigation leading to today's sentencing.

The government is represented by Assistant U.S. Attorney Sara F. Merin of the U.S. Attorney's Office General Crimes Unit in Newark.

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Defense counsel: Roy Greenman Esq., Union, New Jersey.